

HOUSE BILL REPORT

HB 1897

As Reported by House Committee On:
Commerce & Labor
Appropriations

Title: An act relating to real estate appraisers.

Brief Description: Establishing a trainee real estate appraiser classification.

Sponsors: Representatives Kenney, Chandler, Conway and Condotta.

Brief History:

Committee Activity:

Commerce & Labor: 2/26/03, 3/4/03 [DPS];

Appropriations: 1/29/04, 2/5/04 [DP2S(w/o sub CL)].

Brief Summary of Second Substitute Bill

- Establishes a registration program for real estate appraiser trainees.

HOUSE COMMITTEE ON COMMERCE & LABOR

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Conway, Chair; Wood, Vice Chair; Chandler, Ranking Minority Member; Hudgins, Kenney and McCoy.

Minority Report: Do not pass. Signed by 3 members: Representatives Condotta, Assistant Ranking Minority Member; Crouse and Holmquist.

Staff: Matt Cooper (786-7106).

Background:

Real estate appraisers evaluate the value of real property. The Department of Licensing (Department) certifies and licenses real estate appraisers. There are three types of credentials issued to real estate appraisers: (1) state licensed real estate appraiser; (2) state certified residential real estate appraiser; and (3) state certified general real estate appraiser.

The minimum credential is the state licensed real estate appraiser. Candidates for this license must have completed 90 hours of education and 2,000 hours of experience within two years. Licensed real estate appraisers may appraise real property consisting of up to four single-family residences; non-complex properties valued at up to \$1 million; complex (atypical) properties valued at up to \$250,000; and non-residential properties valued up to \$250,000.

The mid-level credential is the state certified residential real estate appraiser. Candidates for this certification must have completed 120 hours of education and 2,500 hours of experience within two years. Certified residential real estate appraisers may appraise real property consisting of up to four single-family residences (without limitation on value), and non-residential properties valued up to \$250,000.

The highest level credential is the certified general real estate appraiser. Candidates for this certification must have completed 180 hours of education and 3,000 hours of experience within 30 months (1,500 hours must be in non-residential property). Certified general real estate appraisers may appraise any real property without limitation on value.

During the training period required for a credential, a trainee does not need to have met any educational requirement or be registered with the Department. Licensed or certified appraisers may employ trainees. In order for the trainee to receive credit toward the experience requirements for licensing, the trainee's name must appear on the appraisal.

Summary of Substitute Bill:

Real estate appraiser trainees must be registered with the Department of Licensing (Department).

The existing requirements for license and certification remain the same, but a new category for registered trainees is created.

A trainee must work under the immediate and personal supervision of a licensed or certified appraiser. The trainee is limited in the scope of appraisals by the license of the supervising appraiser. Supervising appraisers must sign a trainee's appraisal and trainees must sign appraisals using the title "state registered appraiser trainee." The supervisor and the trainee are both individually liable for the contents of the trainees report.

A supervising appraiser may employ more than one trainee but the Department may set limits on the maximum number of trainees working for a supervisor. Trainees may work for more than one supervising appraiser.

The registration is for a two-year period with two consecutive renewals which must be within seven years of the original registration date. This time period may be extended if the period is interrupted by military service.

Substitute Bill Compared to Original Bill:

The substitute bill establishes individual personal liability for both the supervisor and the trainee.

Trainees may register for two years with two consecutive two-year renewals which must be within seven years of the original date of registration.

The specific provision related to the Director's ability to establish educational requirements for applicants is deleted.

The emergency clause and effective dates are changed to immediately implement those sections necessary to establish a trainee registration program, and those sections requiring registration of an appraiser trainee will take effect on April 1, 2004.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Sections 1, 2, 4, 5, 7, 9, 13, and 19 take effect immediately. Sections 3, 6, 8, 10, 11, 12, 14, 15, 16, 17, 18, and 20 take effect on April 1, 2004.

Testimony For: This bill will be good for consumers because they will know if the person doing their real estate appraisal is a trainee. This will promote the public trust in appraisers and the present system for conducting real estate transactions.

People invest large amounts of money in real estate and make critical decisions based on the information that appraisers provide. Appraisers and trainees will be accountable to the consumer for the products that they produce.

This bill puts the education part of the training before the experience part of the training. Trainees will have to have some of the educational requirements met before they start practice. People who hold themselves out as an appraiser will have to meet some basic requirements in order to start as a trainee.

The Department of Licensing and the appraiser's board support this addition to the licensure structure. It will mean a higher work load on staff and possibly require more money to administer the program.

The real estate industry supports the concept but is concerned that too much of the policy making is left to the rule-making process.

Testimony Against: None.

Testified: Representative Kenney, prime sponsor; Bob Mitchell, Washington Association of Realtors; Syd Beckett and Cleotis Borner, Department of Licensing, and William King, Appraisers Coalition of Washington.

HOUSE COMMITTEE ON APPROPRIATIONS

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Commerce & Labor. Signed by 27 members: Representatives Sommers, Chair; Fromhold, Vice Chair; Sehlin, Ranking

Minority Member; Pearson, Assistant Ranking Minority Member; Alexander, Anderson, Boldt, Buck, Chandler, Clements, Cody, Conway, Cox, Dunshee, Grant, Hunter, Kagi, Kenney, Kessler, Linville, McDonald, McIntire, Miloscia, Ruderman, Schual-Berke, Sump and Talcott.

Staff: Holly Lynde (786-7153).

Summary of Recommendation of Committee On Appropriations Compared to Recommendation of Committee On Commerce & Labor:

The second substitute bill changes the effective dates of the act from 2003 and 2004 to 2004 and 2005, respectively. The second substitute also authorizes the Real Estate Appraiser Commission Account to retain its interest earnings and clarifies the ability to renew a registration.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Second Substitute Bill: Sections 1, 2, 4, 5, 7, 9, 13, and 19 take effect July 1, 2004. Sections 3, 6, 8, 10, 11, 12, 14, 15, 16, 17, 18, and 20 take effect on April 1, 2005.

Testimony For: The appraisal community, as a whole, supports the bill. They recognize the need for trainees to both protect the public and preserve the good name of the appraisal profession. The public will benefit from the bill. It is extremely important to have this kind of bill to protect the public and to enhance the quality of the work done by the appraisers for the public.

Testimony Against: None.

Persons Testifying: Sheridan Shaffer, Independent Fee Appraisers and Appraiser's Coalition of Washington; and Jim Irish and TK Bentler, Appraiser's Coalition of Washington.

Persons Signed In To Testify But Not Testifying: None.